GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:3915
ANSWERED ON:23.12.2015
Accrual Accounting System
Tharoor Dr. Shashi

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Government recently conducted a pilot study for implementing the accrual accounting system in the railways which will record the incurred revenue and expenses irrespective of when cash is exchanged;
(b) if so, the details thereof and the reasons for doing so and the ways in which the new accounting system is likely to benefit the railways;
(c) whether the Minister has also engaged the Institute of Chartered Accountants of India (ICAI) to develop a design for implementing an integrated outcome budgeting and Performance Costing System under its attempt to introduce an Information Technology enabled accounting system in the Railways, if so, the details thereof;
(d) whether the Minister is likely to impart training to its employees for implementing the system; and
(e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)
(a) Yes, Madam.

(b) Indian Railways has engaged "Accounting Research Foundation of Institute of Chartered Accountants of India" (ICAI ARF) for conducting a pilot study for introduction of accrual accounting system at Ajmer Division and also at Ajmer Group of Workshops of North Western Railway.
Twelfth Finance Commission had recommended introduction of Accrual Accounting System in Government departments. Further, Government Accounting Standards Advisory Board (GASAB) has also advised Government Departments to prepare a comprehensive roadmap for transition to accrual accounting. Accordingly, Indian Railways has embarked upon Accounting Reforms project which, inter alia, includes introduction of accrual accounting.
The new accounting system will improve the quality of financial reporting of operating results and financial position of Indian Railways.
(c) In order to give effect to the budget announcement made by the Hon'ble Minister of Railways in Rail Budget 2015-16, a Working Group and an Advisory Body have been formed to modify the present system of accounting to ensure tracking of expenditure to desired outcomes. Formal engagement of the agency is under due process by the Ministry.
(d)&(e) Indian Railways has planned to impart training to its employees for implementing the system once the system is developed.
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